

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN WATER )	
DISTRICT OF GRANT COUNTY, KENTUCKY, )	
FOR ORDER APPROVING CONSTRUCTION, )	CASE NO. 92-477
FINANCING AND CERTIFICATE OF PUBLIC )	
CONVENIENCE AND NECESSITY )	

O R D E R

By application filed November 9, 1992, Bullock Pen Water District ("Bullock Pen") is seeking authorization to construct \$70,315 waterworks improvement project and for approval of its plan of financing for this project. Project funding includes a Kentucky Infrastructure Authority ("KIA") loan in the amount of \$29,254, an \$8,204 contribution from Boone County Fiscal Court ("BCFC") and \$32,857 from applicants for service in the proposed area. The loan will be for a 10-year period at an interest rate of 7 percent per annum.

The proposed construction will provide water service to about 15 new residential customers and one commercial customer. Plans and specifications for the proposed improvements prepared by Chrisman, Miller, Woodford, Inc. of Lexington, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of 10,170 feet of 6-inch diameter pipelines, and related appurtenances. The bids totaled \$60,110 which will require a total of approximately \$70,315 after allowances are made for fees, contingencies, and other indirect costs.

3. Bullock Pen should monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Bullock Pen should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Bullock Pen should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

5. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

6. Bullock Pen should furnish duly verified documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the

Uniform System of Accounts for Water Utilities prescribed by the Commission.

7. Bullock Pen should require the provision of construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

8. Bullock Pen should require the Engineer to furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

9. The engineering information submitted indicates that Bullock Pen is proposing to install six fire hydrants as part of this project. Commission Regulation 807 KAR 5:066, Section 10(2b), states in part that "[f]ire hydrants may be installed by a utility only if: a. A professional engineer with a Kentucky registration has certified that the system can provide a minimum fire flow of 250 gallons per minute; and b. The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate."

Based on this regulation, the proposed fire hydrants installation must be deleted from the project unless certification in accordance with the regulation can be provided.

10. The financing plan proposed by Bullock Pen is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

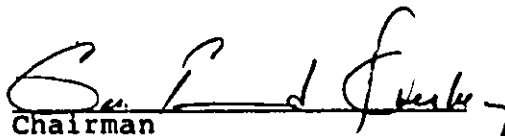
1. Bullock Pen be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein, on the condition that the proposed six fire hydrants be deleted and service levels be monitored and corrective action taken in accordance with Commission regulations.

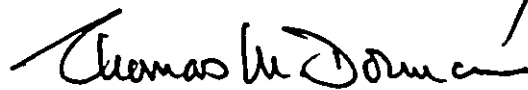
2. Bullock Pen's financing plan consisting of a \$29,254 loan from KIA, an \$8,204 contribution from BCFC, and a contribution from the applicants for service of \$32,857 is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in Bullock Pen's application.

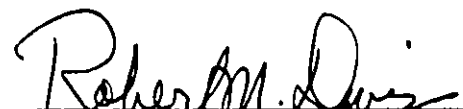
3. Bullock Pen shall comply with all matters set out in Findings 3 through 9 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 11th day of February, 1993.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director